

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1422

ANSWERED ON:08.03.2002

COMMITTEES ON CO-OPERATIVE BANKS

PUSHPDAN SHAMBHUDAN GADHAVI;SUBODH MOHITE;SURESH KODIKUNNIL

Will the Minister of FINANCE be pleased to state:

- (a) whether the present state of cooperative banks is not in order;
- (b) if so, whether a number of committees were appointed by the Government so far;
- (c) whether all these committees/groups have focused on the urgent need to inject some life into the overall cooperative system in the country;
- (d) if so, whether they have also identified the problem areas which are most typical of these banks, namely low capital base, inadequate loan appraisal systems and credit planning, poor recovery performance and mouting overdues;
- (e) if so, the steps the Government has taken to implement the recommendations of these committees; and
- (f) to what extent the cooperative banks have been set in order?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (f) Co-operative Credit system suffers from systematic shortcomings and erosion of net worth. Government of India had constituted a Task Force (known as 'Capoor Committee') in April 1999 to study the functioning of cooperative credit system and suggest measures for its strengthening. The Task Force made wide ranging recommendations which have been examined by the Government in consultation with State Governments and deliberated upon in a conference of Chief Ministers of States. It was decided in the above Conference to constitute a Joint Committee of the Cooperative Ministers of select States under the Chairmanship of Union Minister of State for Finance. This Committee has since submitted its report on the required reform and for improving the net worth of these institutions which is now under consideration of the Government.